

September 18, 2001

TO: All REE Supervisors

FROM: Helene Saylor, Section Head
Performance and Awards Staff
REE Services Branch
Human Resources Division

SUBJECT: New Payment Method for Spot Awards

The following information summarizes the recent changes in the Department of Agriculture's Spot Awards Program and describes the new procedures to be followed when preparing and processing Spot Awards under this new procedure.

Background

In July 2001, the Department officially notified USDA agencies that as of September 28, 2001, the current process of writing convenience checks through the Purchase Card Management System (PCMS) for Spot Awards will no longer be permitted. The change is necessary for two reasons:

- 1) The USDA Office of the Inspector General conducted an audit of Spot Awards made by convenience checks. They found that the USDA National Finance Center (NFC) Payroll/Personnel system did not include all Spot Awards and thus taxes were not withheld in many cases.
- 2) The Department was informed that payment of Spot Awards by convenience checks violated the Debt Collection Improvement Act of 1996. This act requires the use of electronic funds transfer (EFT) for most Federal payments, including payment of awards.

New Payment Method

The Department has instituted a new payment method for Spot Awards. Spot Awards will now be paid through the NFC Payroll/Personnel system via EFT. Spot Awards will be direct deposited in employee accounts within 2 to 3 work days from the time the award is entered in the payroll/personnel system.

Implementation Schedule

The following table describes the important dates associated with the implementation of the alternative method.

September 21, 2001	Is the date that all Spot Award AD-287-2s under the current process must be received in Human Resources Division (HRD). <u>When preparing AD-287-2s for this cutoff, please remember to:</u> 1) include the Spot Award case number on the convenience check and on the AD-287-2; and 2) include the date of check, check number, and the name of the person holding the PCMS account on the AD-287-2. Do not issue convenience checks for Spot Awards if AD-287-2s cannot be prepared and received in HRD by this date. Doing so could result in duplicate payment of the award.
September 23, 2001	Is the effective date that HRD will assign to Spot Award AD-287-2s received by September 21, 2001.
October 7, 2001	Is the earliest date that Spot Award AD-287-2s will be made effective using the new method of payment. After October 7, 2001, HRD will input Spot Award AD-287-2s no later than noon the work day after receipt.

Preparation and Processing of Spot Award AD-287-2s

The procedures for preparing and processing Spot Award AD-287-2s under the new payment method are carefully described in the attached "Spot Award Fact Sheet." Please use this Fact Sheet as a reference tool when preparing and submitting Spot Award AD-287-2s to HRD.

Because we will continue to refer to Spot Awards as a means of granting "immediate monetary recognition," spot award preparation, submission, and processing **must be given priority**. **For this reason, Spot Award AD-287-2s for REE agency employees, except for those in AFM, will be faxed to a designated point of contact in HRD for payroll processing.** AD-287-2s for AFM employees will be hand carried to the designated point of contact. After October 7, 2001, HRD will ensure payroll input of AD-287-2s no later than noon the work day after receipt. Employees will receive the full amount of the award within 2 to 3 work days from the date of input into the payroll/personnel system. This process is carefully detailed in the Spot Award Fact Sheet.

Differences in Spot Award Payment Processes

The table below describes the differences between Spot Award payment processes.

Spot Awards Paid By Convenience Check	Spot Awards Paid By EFT
Paid by convenience check.	Paid through direct deposit.
Individual AD-287-2s for each member of a group award had to be submitted.	Only one AD-287-2 for a group award along with attached list of names, social security numbers, and dollar amounts, need to be submitted.
Award case numbers had to be obtained in advance.	Advance case numbers are no longer required.
AD-287-2s were forwarded to HRD once convenience checks were awarded.	AD-287-2s are forwarded to HRD in order for the award to be paid.
HRD made AD-287-2s effective at the beginning of pay periods.	After October 7, 2001, AD-287-2s will be input for payment no later than noon the work day after receipt in HRD and direct deposited in employee accounts within 2 to 3 work days from date of input.
Check writer, date of check, and check number were required in block # 9 on AD-287-2s.	Check information is no longer required.
AD-287-2s were mailed to HRD for processing.	AD-287-2s must be faxed to HRD for payment of award. (AFM spot awards to be hand carried.)

Please refer to the attached Spot Award Fact Sheet for specific guidance on preparing and submitting Spot Awards. If you have any questions, please contact me on 301-504-1432, Sherrill Murray on 301-504-1465, Wendy Johnson on 301-504-1552, or Sandy Moores on 301-504-1447.

Attachment

Spot Award Fact Sheet

Purpose The Spot Awards authority allows supervisors to grant individuals and groups immediate monetary recognition for extra efforts that warrant small awards. Spot Awards are considered small to moderate in value and limited to broad in application as described in the *Guide for Employee Recognition*, Form AD-1097, dated 2/94.

Employee Eligibility All employees are eligible to receive individual or group Spot Awards, except Presidential Appointees, career and non-career Senior Executive Service (SES) employees, those in SES equivalent positions, volunteers, contractors and any other non-Federal employee.

Contributions Spot Awards recognize individuals or groups for their day-to-day extra efforts and contributions. Usually, the contributions will have been completed within 4 to 6 weeks, or less. Examples of contributions include:

- One-time noteworthy achievements which may not meet the criteria for other types of awards.
- Volunteering for an extra or emergency assignment while maintaining own workload.
- Using personal initiative and creativity to solve an unusual problem.
- Producing a work product of exceptionally high quality under tight deadlines.

Award Amounts Spot Awards range from \$50 to \$500 and may be given in any dollar amount within that range, with no one award exceeding \$500. There is no limit to the number of Spot Awards an employee may receive within a one year period. Although there is no maximum award amount for a group award, the award amount for each individual group member may not exceed \$500.

When employees are paid for their spot award, they will receive the total award amount as listed on the AD-287-2. The payroll/personnel system will “gross up” the award to account for taxes and that amount will be reported as income for tax purposes. Ex.: Supervisor submits the paperwork for a \$500 spot award. The

amount direct deposited in the employee’s account is \$500. The payroll/personnel system calculates the taxes and grosses the award to \$777, which gets reported as income. **This is important for budget reasons. Supervisors need to make sure they budget for the award and the taxes.**

Effective Dates Spot Awards will be made effective and input for payment no later than noon the work day after receipt in the Human Resources Division (HRD).

Payment Spot Awards will be processed via electronic funds transfer through the payroll/personnel system. Spot Awards will be direct deposited in employee accounts within 2 to 3 work days from the date HRD inputs them. Employees will not receive a separate Statement of Earnings and Leave (SEL) for a Spot Award. The Spot Award will be included in SEL for the pay period in which the Spot Award was given.

Procedures Spot Award recognition should be made within 3 days, but no later than 30 days after completion of the achievement, contribution, or accomplishment.

Any employee may make a recommendation for an award for another employee. Employees without authority to approve and fund an award must make the nomination through a supervisory or managerial employee with authority to do so.

An AD-287-2 must be prepared for Spot Awards. If the Spot Award is for a group, one AD-287-2 is required with a list of the names, social security numbers, pay plan, series, and grade, and award dollar amounts for each employee in the group.

Table (1) below gives block-by-block instructions on how to prepare an AD-287-2 for a Spot Award.

If the employee being awarded is an employee of another agency, the name, phone number, and address of the employee’s servicing human resources office must be included on the AD-287-2.

Spot Award AD-287-2s for all employees, except for AFM employees, must be faxed to HRD for processing. AD-287-2s for AFM employees are to be hand carried to HRD. Table (2) provides the names, phone numbers, and fax numbers of those HRD points of contact for Spot Award processing only.

**Completing
A Spot Award
AD-287-2**

Table (1) provides specific instruction on how to complete the required blocks of an AD-287-2 for a Spot Award. Please ensure that the following blocks are completed and accurate.

Block	Item	Instruction
1	Agency	Provide code or name of awarding agency.
2	Name of Employee	Provide the official name of employee. *
3	Social Security Number	Provide the social security number. *
4	Position Title	Provide the official position title.
5	Pay Plan/Series/Grade/Step	Provide pay plan, series, grade, and step.*
6	Organization and Location	Provide the organization and location. * If the recipient is not employed by the awarding agency, the recommending official should inform the employee's supervisor of record. The AD-287-2 must include the name, phone number, and address of the employee's servicing human resources office so HRD may arrange for award processing.
7	Period Covered for Award	Provide the period covered. The period covered must end earlier than the signature dates.
8	Accounting Code	Provide the accounting code. The recommending or approving official must have the authority to obligate funds on the account specified.
11	Citation	Provide the citation. It must be 25 words or less and must state the basis for the award.
12	Type of Award	Indicate "Spot Award."
13	Number of Persons	Indicate the number of employees receiving the award.
14	Total Award	Provide the total award amount. Amount may be no less than \$50 and may not exceed \$500 for any <u>one</u> employee. *
15	Total Amount Based On:	Put an "x" in "Non-Measurable Benefits Scale". Add either "small" or "moderate" in "Value of Benefits" and either "limited" or "broad" in "Application."

20	Recommending Individual/Date	Enter the title of the recommending individual. Obtain signature and date.
21	Reviewing Official/Date	Not always necessary. Depends on each organization's award delegations. If required by the organization, enter the title of the reviewing official, and obtain signature and date.
22	Approving Official/Date	Enter the title of the approving official. Obtain signature and date.

* Those items asterisked above are required on a separate list for group awards. The list is to be forwarded to HRD along with the AD-287-2.

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- Sending AD-287-2s To HRD** HRD has identified one employee and a backup employee in each of the Operating Branches specifically designated to process Spot Awards. Table (2) provides the name, phone number, and fax number for each designated point of contact.
- Organizations, **except for AFM**, must fax their Spot Award AD-287-2s to their designated processing point of contact. Original AD-287-2s are to be kept in the supervisor's official files for 4 years. **Do not Fed Ex or send original AD-287-2 to HRD for processing. If this occurs, there is great potential for duplicate payment of awards.**
 - Spot Awards for AFM employees must be hand carried to their designated processing point of contact. A copy of the form should be retained for the supervisor's files.

Agency, Area, Organization	Point of Contact	Operating Branch in HRD	Phone Number	Fax Number
CSREES, ERS, and NASS	Melissa Hill	Metropolitan Services Branch (MSB)	202-720-4975	202-720-3652
<u>ARS</u> SAA MSA SPA	Roslyn Norman	Southern Services Branch (SSB)	301-504-1446	301-504-1536
<u>ARS</u> NPA PWA MWA	Carmen Woods	Western Services Branch (WSB)	301-504-1560	301-504-1587
<u>ARS</u> NAA BA ARS Headquarters NAL	Patrice Davis	Eastern Services Branch (ESB)	301-504-1364	301-504-1373
<u>ARS</u> AFM	Patrice Davis	Eastern Services Branch (ESB)	301-504-1364	Hand Carry, GWCC, Room 3-1112D